

<p style="text-align: center;">WINDSTREAM COMMUNICATIONS, INC. <i>Comprehensive High-Cost Universal Service Reform</i></p>
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Target Support to High-Cost Areas

- Targeting support to high-cost areas at the wire center/sub-wire center level will provide support more directly, equitably, and rationally to benefit rural consumers.
- Continued reliance on implicit support through cost averaging over large geographic areas (e.g., study areas or in some cases entire states) undermines universal service in today's competitive environment and prevents support from being directed to high-cost areas in a meaningful way. This current universal service regime dampens investment in those high-cost areas.
- Merely disaggregating support (i.e., shifting a carrier's funds within its service area) fails to address the fundamental misallocation of funding resulting from the current system.
- Targeting should be mandatory, not optional.

Optimize Support Levels Based on Forward-Looking Costs

- The Joint Board should recommend optimizing support levels based on forward-looking costs to encourage carriers serving rural consumers to efficiently operate and invest in their networks. New GIS mapping techniques accurately determine customer locations, which significantly improves the reliability of forward-looking models when estimating costs in high-cost areas.
- The Commission should combine this cost methodology with improved targeting to ensure that support is fairly and reasonably distributed.
- To properly reflect the cost of providing service, the identical support rule should be eliminated.

Limit Universal Service Support to One Mobile and One Fixed ETC Per Area

- As an interim step, the Joint Board's CETC cap recommendation should be adopted.
- Universal service should not be used to fund intra-mobile competition.
- Mobile support could be determined through an auction or mobile cost model. On a trial basis, the FCC should assess whether auctions may be useful for reducing the number of multiple mobile CETCs to one per area. Auctions may prove to be most efficient way to determine CETC costs.
- The Commission could designate funds made available from eliminating multiple mobile CETCs to support under-funded high-cost areas.

Tailor Any Broadband Funding to Direct Support to Where It Is Needed Most

- As we transform from a circuit switched network to one based on broadband and IP technology, it is imperative that the Joint Board recommend a framework that will provide a stable environment for carriers to continue the efficient deployment of broadband and advanced telecommunications networks in rural America.
- If the current distribution mechanism is extended to include broadband, many carriers would receive funds for serving existing broadband customers while other carriers with unserved high-cost areas would not be eligible for meaningful per line support.
- If the Joint Board recommends expanding universal service to support broadband, the focus should be narrowly targeted to increase broadband deployment in *unserved* areas.

Adopt an Objective Affordability Benchmark

- Since the passage of the 1996 Act, some states have not taken steps to rebalance rates, remove implicit support, and/or establish explicit universal service funds. A benchmark would encourage reasonable and comparable rates across the nation and would help ease the burden on the universal service fund.
- The FCC/Joint Board could (i) develop its own benchmark or (ii) use the benchmark proposal jointly developed by several state commissions and Missoula Plan supporters in the FCC's intercarrier compensation reform docket.